

1. How the Fund Field Is Used

The accounting systems of school districts and county offices of education are organized and operated on a fund basis. A fund is an accounting entity with a self-balancing set of accounts recording financial resources and liabilities. It is established to carry on specific activities or to attain certain objectives of an LEA in accordance with special regulations, restrictions, or limitations.

The fund field applies to revenue, expenditure, and balance sheet accounts.

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2. Examples of Coding in the Fund Field

Revenue Transaction

The school district receives a federal lunch reimbursement allowance. The revenue would be coded as follows:

<u>Fund</u>	<u>Resource</u>	<u>Project Year</u>	<u>Goal</u>	<u>Function</u>	<u>Object</u>	<u>School</u>
13	5310	0	0000	0000	8220	000

- **Fund 13 is the Cafeteria Special Revenue Fund.**
- Resource 5310 is Child Nutrition: School Programs.
- Project Year is not required because the program year follows the fiscal year.
- Goal is generally not required for revenues.
- Function is not required for revenues.
- Object 8220 is Child Nutrition Programs.
- School is not required.

Expenditure Transaction

The district purchases food for the school lunches. The expenditure would be coded as follows:

<u>Fund</u>	<u>Resource</u>	<u>Project Year</u>	<u>Goal</u>	<u>Function</u>	<u>Object</u>	<u>School</u>
13	5310	0	0000	3700	4700	123

- **Fund 13 is the Cafeteria Special Revenue Fund.**
- Resource 5310 is Child Nutrition: School Programs.
- Project Year is not required because the program year follows the fiscal year.
- Goal 0000 is Undistributed.
- Function 3700 is Food Services.
- Object 4700 is Food.
- School 123 is the ABC Elementary School. Coding of the school field is not required; however, LEAs may wish to code expenditures for local information.

Balance Sheet Transaction

At year-end a contract has not yet been paid, and the payable is coded as follows:

<u>Fund</u>	<u>Resource</u>	<u>Project Year</u>	<u>Goal</u>	<u>Function</u>	<u>Object</u>	<u>School</u>
13	5310	0	0000	0000	9500	000

- **Fund 13 is the Cafeteria Special Revenue Fund.**
- Resource 5310 is Child Nutrition: School Programs.
- Project Year is not required because the program year follows the fiscal year.
- Goal is not required for balance sheet transactions.
- Function is not required for balance sheet transactions.
- Object 9500 is Accounts Payable.
- School is not required.

3. List of Funds

<u>Code</u>	<u>Description</u>
01–60	GOVERNMENTAL FUNDS
01	General Fund/County School Service Fund
03	<i>General Fund Unrestricted</i>
06	<i>General Fund Restricted</i>
09–20	Special Revenue Funds
09	Charter Schools Special Revenue Fund
11	Adult Education Fund
12	Child Development Fund
13	Cafeteria Special Revenue Fund
14	Deferred Maintenance Fund
15	Pupil Transportation Equipment Fund
16	Forest Reserve Fund
17	Special Reserve Fund for Other Than Capital Outlay Projects
18	School Bus Emissions Reduction Fund
19	Foundation Special Revenue Fund
20	Special Reserve Fund for Postemployment Benefits
21–50	Capital Project Funds
21	Building Fund
25	Capital Facilities Fund
30	State School Building Lease-Purchase Fund
35	County School Facilities Fund
40	Special Reserve Fund for Capital Outlay Projects
49	Capital Project Fund for Blended Component Units
51–56	Debt Service Funds
51	Bond Interest and Redemption Fund
52	Debt Service Fund for Blended Component Units
53	Tax Override Fund
56	Debt Service Fund
57–60	Permanent Funds
57	Foundation Permanent Fund
61–70	PROPRIETARY FUNDS
61–65	Enterprise Funds
61	Cafeteria Enterprise Fund
63	Other Enterprise Fund
66–68	Internal Service Funds
66	Warehouse Revolving Fund
67	Self-Insurance Fund

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<u>Code</u>	<u>Description</u>
71–95	FIDUCIARY FUNDS
71–75	Trust Funds
71	Retiree Benefit Fund
73	Foundation Private-Purpose Trust Fund
76–95	Agency Funds
76	Warrant/Pass-Through Fund*
95	Student Body Fund*

*Not required to be reported to CDE; however, these funds are required to be included in the audited financial statements to meet GAAP reporting requirements.

4. Flexibility of the Fund Field

When LEAs submit data to CDE, they must use the fund codes presented in Part II of the *California School Accounting Manual* (CSAM). LEAs may establish additional funds at the local level by using the unassigned codes in this fund structure. However, any locally defined funds must “roll up” to the appropriate CSAM-established fund before importing general ledger data to the SACS financial reporting software and submitting the data to CDE. For example, if an LEA uses fund numbers 36, 37, and 38 to establish separate funds for each of its state school building projects, these funds must “roll up” to Fund 35 for reporting purposes. In addition, LEAs need to be aware that CDE may use the currently unassigned codes for additional funds in the future.

5. List of Funds with Descriptions

01–60 GOVERNMENTAL FUNDS

01 **General Fund (for school districts and joint powers agreements [JPAs]); County School Service Fund (for county offices).** The General Fund and the County School Service Fund (CSSF) are used to account for the ordinary operations of an LEA. All transactions except those required or permitted by law to be in another fund are accounted for in these funds.

Restricted projects or activities within the General Fund must be identified and separated from unrestricted activities. The LEA has the option of using one general fund or of separating transactions into two general funds: restricted and unrestricted.

03 ***General Fund Unrestricted (Optional).*** *The General Fund Unrestricted is used to account for those projects and activities that are funded with unrestricted revenues.*

06 ***General Fund Restricted (Optional).*** *The General Fund Restricted is used to account for those projects and activities that are funded by external revenue sources that are legally restricted or restricted by the donor to specific purposes.*

09–20 **Special Revenue Funds .** Special revenue funds are established to account for the proceeds from specific resources (other than trusts or for major capital projects) that are restricted to the financing of particular activities.

09 **Charter Schools Special Revenue Fund.** The Charter Schools Special Revenue Fund is used to report separately the activities of those charter schools not included in the General Fund or in the County School Service Fund.

The principal revenues in this fund are the following:

- Charter Schools General Purpose Entitlement - State Aid
- Charter Schools Categorical Block Grant
- Charter Schools Funding in Lieu of Property Taxes
- Lottery
- Interest
- All Other Local Revenue

11 **Adult Education Fund.** The Adult Education Fund is used to account separately for federal, state, and local revenues for adult education programs.

The principal revenues in this fund are the following:

- Adult Education Block Entitlement
- Apprentice Transfer from the General Fund
- Workforce Investment Act (WIA)
- Other Federal Revenue (e.g., Adult Basic Education)
- All Other State Revenue
- Interest
- Adult Education Fees
- All Other Local Revenue

Expenditures in this fund must be for adult education purposes only; money received for programs other than adult education shall not be expended for adult education (*Education Code* sections 52616[b] and 52501).

Other educational programs and activities that are administered by adult education staff but do not specifically serve adults should be expended in the LEA's general fund.

- 12 **Child Development Fund.** The Child Development Fund is used to account separately for federal, state, and local revenues to operate child development programs (*Education Code* Section 8328).

The principal revenues and other sources in this fund are the following:

- Economic Opportunity Act
- Child Nutrition Programs (Federal)
- State Preschool
- Child Nutrition Programs (State)
- Child Development Apportionments
- All Other State Revenue
- Food Service Sales
- Interest
- Child Development Parent Fees
- All Other Local Revenue
- Interfund Transfers In

The Child Development Fund may be used only for expenditures for the operation of child development programs.

Child development programs that are not subsidized by state or federal funds and that are operated with the intent of recovering the costs of the program through parent fees or other charges to users should be accounted for in an enterprise fund.

- 13 **Cafeteria Special Revenue Fund.** The Cafeteria Special Revenue Fund (*Education Code* sections 38090–38093) is used to account separately for federal, state, and local resources to operate the food service program.

The principal revenues in this fund are the following:

- Child Nutrition Programs (Federal)
- Child Nutrition Programs (State)
- Food Service Sales
- Interest
- All Other Local Revenue

The Cafeteria Special Revenue Fund shall be used only for expenditures for the operation of the LEA's food service program (*Education Code* sections 38091 and 38100). The governing board of an LEA may establish and maintain within the Cafeteria Special Revenue Fund a reserve for cafeteria equipment (*Education Code* Section 38102).

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- 14 **Deferred Maintenance Fund.** The Deferred Maintenance Fund is used to account separately for state apportionments and the LEA's contributions for deferred maintenance purposes (*Education Code* sections 17582–17587).

The principal revenues in this fund are the following:

Deferred Maintenance Allowance
Interest
Interfund Transfers In

Expenditures in this fund are intended for major repairs or replacements under the plan approved by the State Allocation Board (*Education Code* Section 17582).

- 15 **Pupil Transportation Equipment Fund.** The Pupil Transportation Equipment Fund is used to account separately for state and local revenues for the acquisition, rehabilitation, or replacement of equipment used to transport students (*Education Code* Section 41852[b]).

Typical expenditures in this fund are items charged to Object 4400, Noncapitalized Equipment; Object 6400, Equipment; and Object 6500, Equipment Replacement.

- 16 **Forest Reserve Fund (county offices).** The Forest Reserve Fund exists primarily to account separately for federal forest reserve funds received by offices of county superintendents for distribution to school districts and community college districts (*Education Code* Section 2300; *Government Code* Section 29484). See CSAM Section 207, Forest Reserve, for appropriate coding.

- 17 **Special Reserve Fund for Other Than Capital Outlay Projects.** The Special Reserve Fund for Other Than Capital Outlay Projects is used primarily to provide for the accumulation of General Fund moneys for general operating purposes other than for capital outlay (*Education Code* Section 42842). Amounts from this special reserve fund must first be transferred into the General Fund or other appropriate fund of the LEA before expenditures can be made.

- 18 **School Bus Emissions Reduction Fund.** The School Bus Emissions Reduction Fund is used to accumulate money for the purchase or lease of new low- or zero-emission school buses or for the retrofitting of existing school buses (*Education Code* sections 17920–17926). The money could come from private parties as payment for the right to use emission reduction credits or from air pollution control district and air quality management district grants. Resource 7236, School Bus Emissions Reduction, may be deposited to the General Fund as well as to Fund 18.

More than 50 percent of money deposited in the School Bus Emissions Reduction Fund must come from local LEA revenues. The LEA's contribution could be local sources or unrestricted General Fund money but cannot be money from the existing Small School District Bus Replacement Program. This restriction also applies to any new money that the state appropriates for the purchase or lease of new low- or zero-emission school buses or for the retrofitting of existing school buses.

- 19 **Foundation Special Revenue Fund.** The Foundation Special Revenue Fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 under which both earnings and principal may be used for purposes that support the LEA's own programs.

This fund should be used when there is a formal trust agreement with the donor. Other types of donations should be accounted for in the General Fund. Amounts in the Foundation Special Revenue Fund shall be expended only for the specific purposes of the gift or bequest (*Education Code* Section 41032).

- 20 **Special Reserve Fund for Postemployment Benefits.** The Special Reserve Fund for Postemployment Benefits (new for 2003-04) may be used to account for amounts the LEA has earmarked for the future cost of retiree benefits but has not contributed irrevocably to a separate trust for the retiree benefit plan. Amounts accumulated in this fund must be transferred back to the General Fund for expenditure.

Use of this fund is optional. The LEA may account for amounts earmarked for retiree benefits in either the General Fund or the Special Reserve Fund for Other Than Capital Outlay Projects instead.

If the LEA pays for its retiree benefit costs entirely on a pay-as-you-go basis, there is no need to use this fund. If the LEA makes irrevocable contributions to a separate trust for the retiree benefit plan, the LEA may use Fund 71, Retiree Benefit Fund.

- 21–50 **Capital Project Funds.** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Capital projects are coded to Function 8500, Facilities Acquisition and Construction. Instructional functions may not be used in capital project funds.

- 21 **Building Fund.** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146). Other authorized revenues to the Building Fund are (1) proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code* Section 17462); and (2) revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code* Section 41003).

The principal revenues and other sources in this fund are the following:

- Rentals and Leases
- Interest
- Proceeds from the Sale of Bonds
- Proceeds from the Sale/Lease-Purchase of Land and Buildings
- Federal Emergency Management Act (FEMA)

Expenditures in the Building Fund are most commonly made against the 6000 object codes for capital outlay. Another example of an authorized expenditure in the Building Fund is repayment of State School Building Aid out of proceeds from the sale of bonds (*Education Code* Section 16058).

- 25 **Capital Facilities Fund.** The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* sections 17620–17626). The authority for these levies may be county/city ordinances (*Government Code* sections 65970–65981) or private

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agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code* Section 66006).

The principal revenues in this fund are the following:

- Interest
- Mitigation/Developer Fees

Expenditures in the Capital Facilities Fund are restricted to the purposes specified in *Government Code* sections 65970–65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

- 30 **State School Building Lease-Purchase Fund.** The State School Building Lease-Purchase Fund is used primarily to account separately for state apportionments as provided by *Education Code* sections 17000–17039. The LEA may be required to transfer to this fund any available moneys from other funds as the LEA’s contribution to a particular project.

The principal revenues and other sources in this fund are the following:

- Interest
- Interfund Transfers In
- School Facilities Apportionments

Typical expenditures in this fund are items charged to Object 6200, Buildings and Improvement of Buildings, and Object 6300, Books and Media for New School Libraries.

- 35 **County School Facilities Fund.** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

The principal revenues and other sources in this fund are the following:

- School Facilities Apportionments
- Interest
- Interfund Transfers In

Typical expenditures in this fund are for the costs of site, site improvements, buildings, building improvements, and furniture and fixtures capitalized as a part of the construction project. Funding provided by the State Allocation Board for reconstruction of facilities after disasters such as flooding may be deposited to Fund 35.

- 40 **Special Reserve Fund for Capital Outlay Projects.** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to Fund 21, 25, 30, 35, or 49. Other authorized resources that may be transferred to the Special Reserve Fund for Capital Outlay Projects are (1) proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code* Section 17462); (2) rentals and leases of real property specifically authorized for deposit to the fund by the governing board

(*Education Code* Section 41003); and (3) excess amounts sufficient to pay all unpaid bond obligations (*Education Code* Section 15235).

The principal revenues and other sources in this fund are the following:

- Federal, State, or Local Revenues
- Rentals and Leases
- Interest
- Other Authorized Interfund Transfers In
- Proceeds from Sale/Lease-Purchase of Land and Buildings

Resource 6200, Class Size Reduction Facilities Funding, may be transferred from the General Fund to Fund 40 for construction projects. Transfers authorized by the governing board from the General Fund must be expended for capital outlay purposes. Proceeds from the sale or lease-with-option-to-purchase may be spent for capital outlay purposes, costs of maintenance of the LEA's property, and future maintenance and renovation of school sites (*Education Code* Section 17462). Expenditures for capital outlay are most commonly made against the 6000 object codes for capital outlay.

Salaries of school district employees whose work is directly related to projects financed by Fund 40 revenues are capitalized as a part of the capital facilities project. Function 1000, Instruction; Function 2420, Instructional Library, Media and Technology; Function 7200, General Administration; and other operational functions of the General Fund are not used in a capital facilities fund.

49 **Capital Project Fund for Blended Component Units:** The Capital Project Fund for Blended Component Units (new for 2002-03) is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code* Section 53311 et seq.) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services.

51–56 **Debt Service Funds .** Debt service funds are established to account for the accumulation of resources for and the payment of the principal and interest on general long-term debt.

51 **Bond Interest and Redemption Fund.** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for an LEA (*Education Code* sections 15125–15262).

The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the LEA. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the LEA.

The county auditor maintains control over the LEA's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

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The principal revenues in this fund are the following:

- State Subventions for Homeowners' Exemptions
- Other Subventions/In-Lieu Taxes
- Secured Roll Taxes
- Unsecured Roll Taxes
- Prior Years' Taxes
- Interest

Expenditures in this fund are limited to bond interest, redemption, and related costs. Excess money shall be transferred to the General Fund (*Education Code* Section 15234) or the Special Reserve Fund (*Education Code* Section 15235).

- 52 **Debt Service Fund for Blended Component Units :** The Debt Service Fund for Blended Component Units (new for 2002-03) is used to account for the accumulation of resources for the payment of the principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code* Section 53311 et seq.) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services.

- 53 **Tax Override Fund.** The Tax Override Fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies. An example is a public school building loan repayment.

Interest earned in the Tax Override Fund is credited to the General Fund of the LEA.

The principal revenues in this fund are the following:

- State Subventions for Homeowners' Exemptions
- Other Subventions/In-Lieu Taxes
- Secured Roll Taxes
- Unsecured Roll Taxes
- Prior Years' Taxes
- Supplemental Taxes

The principal expenditure accounts in this fund are:

<u>Purpose for which levy was authorized:</u>	<u>Expenditure account</u>
State school building loan repayments (<i>Education Code</i> Section 16090)	7432
Payment to original district for acquisition of property (<i>Education Code</i> Section 35576)	7436
Compensatory education housing repayments (<i>Education Code</i> Section 16214)	7439
Lease-purchase payments (<i>Education Code</i> Section 17409)	7439
Construction of exceptional children's facilities repayments (<i>Education Code</i> Section 16196)	7439
Other voter-approved debt service	7439

and Object 7438, Debt Service - Interest.

- 56 **Debt Service Fund.** The Debt Service Fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

The principal source in this fund is the following:

Other Authorized Interfund Transfers In

Expenditures are most commonly made against the 7400 object codes for debt service.

- 57–60 **Permanent Funds .** Permanent Funds were introduced as part of the governmental financial reporting model established by GASB Statement 34 to account for permanent foundations that benefit an LEA.

- 57 **Foundation Permanent Fund.** The Foundation Permanent Fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 that are restricted to the extent that earnings, but not principal, may be used for purposes that support the LEA's own programs.

This fund should be used when there is a formal trust agreement with the donor. Other types of donations should be accounted for in the General Fund. Amounts in the Foundation Permanent Fund shall be expended only for the specific purposes of the gift or bequest (*Education Code* Section 41032).

61–70 **PROPRIETARY FUNDS**

- 61–65 **Enterprise Funds.** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. An enterprise fund must be used to report any activity whose principal revenue sources meet any of the following criteria:

1. The LEA has issued debt backed solely by fees and charges from that activity.
2. There is a legal requirement that the cost of providing services, including capital costs such as depreciation or debt service, must be recovered through fees or charges.

3. The LEA's policy is to establish activity fees or charges designed to recover the cost of providing services, including capital costs such as depreciation or debt service.

An enterprise fund is accounted for on a full-accrual basis. In an enterprise fund, capital assets and long-term debt (including all long-term debt obligations such as vacation pay and capital leases) are recorded in the fund. All revenues and expenses (rather than expenditures) are recorded, regardless of when they are received or paid. Depreciation of capital assets is recorded.

An enterprise fund may be used to account for any activity that an LEA accounted for in an enterprise fund prior to the issuance of GASB Statement No. 34, even if the activity does not otherwise meet the criteria for using an enterprise fund.

Generally, use Goal 0000, Undistributed, with an enterprise fund. The costs of an enterprise fund are not included in the program cost report (PCR).

- 61 **Cafeteria Enterprise Fund.** The cafeteria program may be accounted for as an enterprise fund rather than as a special revenue fund even though its primary source of financing comes from federal and state child nutrition program revenues rather than through the price paid for meals by the students. CDE recommends that an LEA use only an enterprise fund to account for its cafeteria operations if the LEA's governing board intends to operate its cafeteria program in a manner similar to that employed by private business enterprises and to fully recover all costs of providing services, including depreciation of capital assets.

- 63 **Other Enterprise Fund.** The Other Enterprise Fund may be used to account for business activities other than cafeteria services. This fund may be used to account for any activity that an LEA accounted for in an enterprise fund prior to issuance of GASB 34 even if the activity does not otherwise meet the criteria for using an enterprise fund.

Fund 63 uses only Function 6000, Enterprise.

- 66–68 **Internal Service Funds .** Internal service funds are created principally to render services on a cost-reimbursement basis to other organizational units of the LEA. These funds are generally intended to be self-supporting.

- 66 **Warehouse Revolving Fund.** The Warehouse Revolving Fund is used primarily to maintain budget control and stock accounting of merchandise for an LEA's use (*Education Code* Section 42830). The Warehouse Revolving Fund is reimbursed from various funds of the LEA for amounts consumed by these user funds.

Expenses in the Warehouse Revolving Fund may include the purchase of stores to be placed in stock and the costs of receiving, storing, and delivering stores (*Education Code* Section 42832).

- 67 **Self-Insurance Fund.** Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of an LEA. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code* Section 17566).

The principal revenues in this fund are the following:

- Interest
- In-District Premiums/Contributions
- Interagency Revenues
- All Other Local Revenue

Expense transactions in the Self-Insurance Fund shall be recorded for the payment of claims, estimates of costs relating to incurred-but-not-reported (IBNR) claims, administrative costs, deductible insurance amounts, cost of excess insurance, and other related costs. Most of the activities of the Self-Insurance Fund should be coded to Function 6000, Enterprise. (See *California School Accounting Manual*, Part I, Procedure No. 902.)

Amounts contributed to a Self-Insurance Fund are lawfully restricted for insurance purposes (*Education Code* Section 17566 and *Government Code* Section 53205).

71–95 FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the LEA's own programs.

The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

71–75 Trust Funds. Trust funds are divided between pension and other employee benefit trust funds and private-purpose trust funds.

Pension and other employee benefit trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, postemployment benefit plans, or other employee benefit plans. For a state-administered pension system such as STRS or PERS, the state, not the LEA, maintains the pension (and other employee benefit) trust funds.

71 Retiree Benefit Fund. The Retiree Benefit Fund exists to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both. This fund should only be used to account for an LEA's irrevocable contributions to a retiree benefit plan for which a formal trust exists. Amounts earmarked for retiree benefits but not contributed irrevocably to a trust should be accounted for in the General Fund or a special reserve fund.

Moneys may be contributed to the Retiree Benefit Fund from other funds by periodic expense charges in amounts based on existing and future obligation requirements. Payments may be made from the fund for insurance, annuities, administrative costs, or any other authorized purpose (*Education Code* Section 42850).

The principal revenues in this fund are the following:

- Interest
- In-District Premiums/Contributions
- All Other Local Revenue

Expenditures in the Retiree Benefit Fund are made from Object 5800, Professional/Consulting Services and Operating Expenditures. Use with Function 6000, Enterprise.

- 73 **Foundation Private-Purpose Trust Fund.** The Foundation Private-Purpose Trust Fund is used to account separately for gifts or bequests per *Education Code* Section 41031 that benefit individuals, private organizations, or other governments, and under which neither principal nor income may be used for purposes that support the LEA's own programs.

This fund should be used when there is a formal trust agreement with the donor. Other types of donations should be accounted for in the General Fund.

76–95 **Agency Funds**

- 76 **Warrant/Pass-Through Fund.** (Not required to be reported to CDE; however, this fund is required to be included in the audited financial statements to meet the GAAP reporting requirements.) The Warrant/Pass-Through Fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, credit unions, and other contributions. It is also to account for those receipts for transfer to agencies for which the LEA is acting simply as a “cash conduit.”

It is recommended that two agency funds be used at a local level: One for clearing payroll withholdings and another for the pass-through of resources. If the LEA chooses to report this information to CDE, the funds would combine into one Fund 76.

- 95 **Student Body Fund.** (Not required to be reported to CDE; however, this fund is required to be included in the audited financial statements to meet the GAAP reporting requirements.) In the financial reports of the LEA, the Student Body Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts such as Due to Student Groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code* sections 48930–48938). Sources of receipts include, but are not limited to, fund-raising ventures, student store merchandise sales, athletic and student body performances, concessions, publications, gifts, grants, and interest. Unorganized student body funds are governed by the same principles of student body accounting that govern organized student body funds (*Education Code* Section 48938).

Disbursements from the student body's bank account may be made for merchandise, student body activities, food, hospitality, and student awards (*California Code of Regulations, Title 5, Education*, sections 15500 and 15501).